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LEVI'S FACTORY OUTLET PHENOMENON IN INDONESIA

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Abstract-*This Final project (Research) is about Levi's factory outlet in Indonesia which further abbreviated as LOS (Levi's Outlet Store). Factory outlet is a retail store in which manufacturers sell their products directly to the public as consumers. Factory outlets function is to increase sales and reduce inventory piling up in warehouses. The purpose of this study is to determine how much influence the Levi's outlet store on the phenomenon of factory outlets in Indonesia and to determine how much 7PS influence sale at Levi's outlet store. The research was conducted in LOS Bekasi (Bekasi Square), LOS Pejaten Village, LOS Plaza Cibubur and LOS Bogor using purposive sampling method. Purposive sampling is the selection of the sample is based on certain characteristics that are considered nothing to do with the characteristics of the population. Based on data collected from 400 respondents Levi's outlet store that has been deployed in LOS Bekasi (Jakarta Square), LOS Housing Village, LOS Plaza Cibubur and LOS Bogor then can be drawn some conclusions, that is the existence of Levi's outlet store in Jabodetabek (Jakarta, Bogor, Depok, Tangerang, Bekasi) is one of the many FO growing in Indonesia and has a very large market opportunity. Now, Levi's products are become a lifestyle (trend) in the most of the Indonesian people and the existence of LOS provide convenience to customers to find the product Levi's product they like*

Keywords: *Levi's Outlet Store, 7PS, Factory Outlets, Indonesia customers*

Introduction

A corporate can forward or destroyed as a result of the sale of the company. Trade sector is vital to improving economic growth in Indonesia. It is necessary also to increase sales and efficiency within the company. These goals can be realized if any company or business entity engaged in trading activities. Efforts to realize the objectives taken, one of which is the company has some factory outlet.

In Indonesia the factory outlets are usually run by someone (wholesale buyers) and purchased in bulk and run sales of more than one company's garment factories and sell to the consumers. One of many factory outlet in Indonesia is PT. Levi Strauss's or more in the know with Levi's. A Levi's Factory outlet recently opened are Bogor, Bekasi, Tangerang, and Jakarta, the plan would open up than eight factory outlets in major cities to meet consumer demand in other cities.

The goal of this research are the writer want to know how big the influence of Levi's Factory outlet against the phenomenon of factory outlet in Indonesia and find out how big the influence of factory outlet Levi's sale to target.

The benefits expected by this research include:

1. For researchers, can apply the science and business strategies that earn in college.
2. For the businessmen, factory outlet can develop his business in Indonesia.

PT Levi Strauss's sales system in two ways, namely Original Levi's Store (OLS) and Levi's Outlet Store (LOS), for OLS under the indirect supervision of sales by PT Levi Strauss's management and sales locations in major cities and scattered throughout the Mall, selling other brands apparels, and for LOS sales through other people as a broker in a large party and usually not as complete as the OLS, the broker then funnels to the factory outlets belonging to its own or belonging to another entrepreneur who is in Indonesia. Therefore, do not complete item or size OLS then usually the LOS could sell at prices under OLS.

The factory outlet locations are scattered while the plan is as below:

1. Pajajaran Bogor Street.
2. Galaksi Estate Bekasi.
3. Bekasi Square.
4. Cibubur Plaza.
5. Cibubur Square (Rest Area Cibubur).
6. Kalibata City.
7. Pejaten Village.
8. Pluit.
9. Teko (Teras Kota) Serpong.
10. PRJ (Pekan Raya Jakarta) Kemayoran

Theoretical Foundation

The Levi's brand epitomizes classic American style and effortless cool. Since the invention and patent of riveted clothing by Jacob Davis and company founder Levi Strauss in 1873, Levi's jeans have become the most recognizable and imitated clothing in the world – capturing the imagination and loyalty of people for generations. "**Brand** is name, term, design, symbol, or other feature that identifies one seller's good or service are different from those of other sellers" (Wikipedia).

The Levi's was founded in 1853 when Levi Strauss came from Buttenheim, Bavaria, to San Francisco, California to open a west cost branch of his brother's New York dry goods business. In 1873 Levi Strauss's and tailor Jacob Davis received a US patent to make the first riveted men's work pants out of denim: the first blue jeans. The company briefly experimented (in the 1970's) with a public stock listing, but remains owned and controlled by descendants and relatives of Levi Strauss's four nephews.

In Indonesia is a leading brand of Levi's and began to be known around the 1980s with a selling price which is only reachable by the economics of middle level and above and is regulated by the retail-retail Indonesia, leading to the situation as it happens a lot of residual buildup in the warehouse sales due to the limitation of the number of retail outlets in Indonesia. To overcome this PT Levi Strauss's Indonesia seeking partnership to solve the problem by selling globally to employers or often called brokers, by giving the requirements to open a Factory Outlet to get Levi's products.

Factory Outlet, are stores that offer merchandise at a bargain price but the price of such goods can be fickle, or referred to by the term Off-Price Retailer. (Wagner, 2007).

Wagner concluded there were two drivers of consumer motivation in making purchases, namely:

- 1) *Shopping Experience*
- 2) *Shopping Convenience*

In addition Wagner also discovered the existence of four reasons consumers make purchases, namely:

- a. *Frictionless Shopping*

- b. *Shopping Pleasure*
- c. *Value Seeking*
- d. *Quality Seeking*

According to Philip Kotler (1975) in his book Marketing for non-profit organization, mentions that the marketing mix in non-profit organizations is a variable controlled marketing mix used the company/organization to reach objectify in target markets. In the marketing mix we know the term 4 p (product, price, place, promotion) ;

- **Product.**

A product is a thing that can be offered to a market to satisfy a want or need.

- **Price.**

Price is the amount of money charged for a product or service. More broadly, the price is the sum of all the value that consumers in exchange for the benefits of having or using the product or service.

- **Promotion**

The Promotion Mix is the combination of operational selling, sales person, public that help an organization to achieve its marketing objective. " Meanwhile, according to Kotler is the promotion is.

- **Place**

The various the company undertakes to make the product accessible and available to the target customer.

The marketing mix is already known well by faculty, students, and the majority of the economy particularly the concentration of marketing. Next 4 p was developed into a 7P coupled with the **People, Process, and Physical evidence**. People have a sense that the company should pay attention to human resources (HR) are there in your organization, this is because the HUMAN RESOURCES who can take the company towards a better way of giving good service to consumers. Further Process to be meaningful in the process from superiors to subordinates in the company running smoothly. Any form of communication made clear that goal eased and the company can be a vision into an organization. While the Physical Evidence was popularized by the variables of the company or shops that can be seen by the consumer are visible. This can be either a nice building, comfortable rooms, as well as the beautiful decor.

Research Methodology

Using this type of case study research, which is one of the research strategy for developing in-depth analysis with subject matter "what/whether, how, or why" about one case or the case of the compound of contemporary phenomena with qualitative research methods/approaches. Sampling techniques to be used in this research is purposive sampling.

In this study, characteristics of a subject are as follows: the subject of this research is the owner of the Levi's Factory outlets and someone from PT Levi Strauss's who had a notion of the Factory Outlet. The number of the subject there are two people.

Purposive sampling is the selection of the sample was based on certain characteristics that are considered to have anything to do with the characteristics of the population (Ruslan, 2003). The larger the samples taken shall be the less likely happen error in drawing conclusions that are examined. In this study researchers took samples of 400 respondents (visitors and buyers of Levi's products in the Levi's Factory Outlet).

The collection of data with a series of written questions to respondents regarding the variables examined.

According to Kerlinger, mentions the advantages of methods of interview:

- a. Capable of detecting the levels of understanding of the subject of the questions asked. If they do not understand can be anticipated by the interviewer to provide an explanation.
- b. Flexible, the implementation can be tailored to each individual's.
- c. The only thing that can be done when other techniques are not applicable.

Before this research was carried out, first conducted the preparation of a list of questions to be calculated based on statistics, for that data needs to be converted into quantitative i.e. by giving a number (score) for each answer using a Likerts scale, each item is a statement likely opportunities opened five or five scale answers (Likerts), where the respondent is required to select one of five available with weights answer the following (Al Rashid, 1993):

- a) Answer strongly agree (a) are given weights 5
- b) Answer agree (b) are given weights 4
- c) Answer is doubt (c) are given weights 3
- d) Answer disagree (d) are given weights 2
- e) Answer strongly disagree (e) are given weights 1

Validity Test

The validity of the study is determined by the accurate measurement. Therefore, this test focuses on the accuracy of the data. The instrument must have a valid internal and external validity. An instrument is said to have internal validity if the criteria laid out in a rational instrument (theoretically) already reflects what is being measured. Internal validity is classified into two, namely construct validity (construct validity) and content validity (content validity). While the instrument is said to have the external validity of the instrument if the criteria is based on empirical facts that have been there. Valid instrument means the instrument can be used to measure what should be measured (Sugiyono, 2007) and do what should be done (Kuncoro, 2003). Validity indicates the accuracy and precision of measuring instruments in doing the measuring function.

According Riduwan (2008), to test the validity of measuring instruments, first sought a correlation between the price of the parts dar overall measure by correlating each item measure (indicator) with a total score which is the sum of each score point, the formula Pearson Product Moment.

$$r = \frac{n\sum XY - (\sum X)(\sum Y)}{\sqrt{(n\sum X^2 - (\sum X)^2)(n\sum Y^2 - (\sum Y)^2)}}$$

When :

- X : The value of the questionnaire
- Y : The value of the total questionnaire
- n : Questionnaire item number

According to Sekaran (2006), Alpha coefficient close to 1 means that the items in question coefficients more reliable. The results are said to be reliable if the similarity of data all the time (at different times) or not susceptible to change under any circumstances.

Cronbach Alpha coefficient formula (C_α) in Kusnendi (2008)

$$C_\alpha = \left(\frac{k}{k-1} \right) \left(1 - \frac{\sum s_i^2}{s_x^2} \right)$$

When :

- k : The number of question items
- $\sum s_i^2$: The amount of variance each item question
- s_x^2 : Variations in the total score of question items

Results and Discussion

The image above shows that 51 percent are women and 49.0 percent of men thus the percentage of women with men in proportion. In other words, the visitor or customer FO Levi's not only women but also men like Levi's.

The results above show that most visitors FO Levi's are aged between 21-25 years (30.8 percent), 26-30 years (23.3 percent) and 15-20 years (20.0 percent) in other words, most of the FO Levi's visitors are people who are between 15 to 30 years.

The results above show that most visitors FO Levi's are students (39.8 percent), civil servants, private / self-employed 30.8 percent and 17.5 percent.

The results above show that the majority of respondents visitors FO Levi's is Rp 1.500.000 (31.8 percent), Rp 4.500.000 - Rp 6.000.000 (22 percent) and Rp 1.500.000 - Rp 3.000.000 (17.5 percent).

The results above show that the majority of respondents obtained information through the website (<http://www.levi.co.id/>) that is equal to 48.8 percent, 26.5 percent and 22.0 through friends through brochures.

"You are the user Levi's?" The results above show that 24.25 percent agreed, 21.75 percent agreed completely, 11.00 percent strongly agree with you, regular perasen 20.25, 15.50 percent disagreed, 7 percent disagreed and 0.25 percent of all very totally agree. Average respondents agreed that approaching 4.7050. This means that most of the respondents were sampled in this study is the user Levi's products.

"Product Levi's comfortable in use?" The results above show that 30.75 percent agreed, 20.75 percent agreed completely, 9.50 percent strongly agree with you, regular perasen 31.50, 7.00 percent disagreed, disagreed 0.59 percent and 0.25 percent of all strongly disagree completely.

"This product is very fashionable Levi's?" The results above show that 24.80 percent agreed, 17.80 percent agreed completely, 4.30 percent strongly agree with you, regular percent 40.30, 10.3 percent disagreed, disagreed 2.80 percent and 0.25 percent of all strongly disagree completely.

"All views Levi's interesting?" The results above show that 32.50 percent agreed, 10.80 percent agreed completely, 1.50 percent strongly agree at all, 38.80 percent of normal, 15.0 percent disagreed and 1.50 percent did not agree at all.

"Levi's product into a lifestyle (trend) you?" The results above show that 31.50 percent agreed, 10.50 percent agreed completely, 0.50 percent strongly agree at all, 46.75 percent of normal, 9.75 percent and 1.00 percent disagree disagree completely.

"The price given Factory Levi's affordable?" The results above show that 31.25 percent agreed, 19.75 percent agreed completely, 2.50 percent strongly agree at all, 29.25 percent regular, 12.25 percent disagreed, disagreed 4.75 percent and 0.25 percent of all strongly disagree completely.

"Price according to quality" The results above show that 29.75 percent agreed, 12.75 percent agreed completely, 0.75 percent strongly agree at all, 39.25 percent regular, 15.00 percent disagreed, disagreed 2.25 percent and 0.25 percent of all strongly disagree completely.

"The price you pay in accordance with" The results above show that 29.75 percent agreed, 12.75 percent agreed completely, 0.75 percent strongly agree at all, 39.25 percent regular, 15.00 percent disagreed, disagreed 2.25 percent and 0.25 percent of all strongly disagree completely.

"The price you pay in accordance with" The results above show that 28.25 percent agreed, 7.25 percent agreed completely, 0.25 percent strongly agree at all, 39.50 percent regular, 21.25 percent and 3.50 percent disagree disagree completely.

"The price is not too expensive" The results above show that 38.25 percent agreed, 8.50 percent agreed completely, 0.25 percent strongly agree at all, 35.75 percent regular, 15.00 percent and 2.00 percent disagree completely disagree and 0.25 percent declare strongly disagree completely.

"The overall price in accordance with the product" The results above show that 36.50 percent agreed, 8.50 percent agreed completely, 1.00 percent strongly agree at all, 44.00 percent of normal, 9.75 percent and 0.25 percent disagree disagree completely.

"What FO Levi's easy to reach?" The results above show that 23.00 percent agreed, 32.50 percent agreed completely, 12.50 percent strongly agree at all, 24.75 percent of normal, 5.00 percent and 2.25 percent disagree disagree completely.

"What FO Levi's easy to see?" The results above show that 24.25 percent agreed, 28.75 percent agreed completely, 14.75 percent strongly agree at all, 26.50 percent of normal, 5.00 percent and 0.75 percent disagree disagree completely.

"What FO Levi's makes you comfortable?" The results above show that 28.75 percent agreed, 27.25 percent agreed completely, 9.25 percent strongly agree at all, 28.00 percent of normal, 5.25 percent and 1.50 percent disagree disagree completely.

"What FO Levi's very strategic?"

The results above show that 30.00 percent agreed, 21.75 percent agreed completely, 9.00 percent strongly agree at all, 31.50 percent of normal, 6.25 percent and 1.50 percent disagree disagree completely.

"The condition of the interior FO pull" The results above show that 18.25 percent agreed, 28.25 percent agreed completely, 12.75 percent strongly agree at all, 34.75 percent of normal, 5.75 percent and 0.25 percent disagree disagree completely.

The results above show that 30.00 percent agreed, 21.75 percent agreed completely, 6.00 percent strongly agree at all, 37.25 percent regular, 11.50 percent and 0.75 percent disagree disagree completely. This means that most of the respondents were taken as samples in this study were agreed otherwise indicated that up to 70% discounts offered interesting.

"Signage FO Levi's easy to recognize" The results above show that 36.25 percent agreed, 16.75 percent agreed completely, 1.25 percent strongly agree at all, 40.50 percent of normal, 4.75 percent and 0.50 percent disagree disagree completely.

"Signage FO Levi's easy to see" The results above show that 36.25 percent agreed, 16.75 percent agreed completely, 1.25 percent strongly agree at all, 40.50 percent of normal, 4.75 percent and 0.50 percent disagree disagree completely.

"Levi's FO employees polite in serving?" The results above show that 27.75 percent agreed, 25.50 percent agreed completely, 6.75 percent strongly agree at all, 33.00 percent of normal, 7.00 percent disagreed.

"Employees fast in serving you" The results above show that 27.75 percent agreed, 25.50 percent agreed completely, 6.75 percent strongly agree at all, 33.00 percent of normal, 7.00 percent disagreed.

"Employees are neat in appearance" The results above show that 27.75 percent agreed, 25.50 percent agreed completely, 6.75 per cent strongly agree at all, 33.00 percent of normal, 7.00 percent disagreed.

"To provide a rapid response in dealing with complaints" The results above show that 27.75 percent agreed, 25.50 percent agreed completely, 6.75 percent strongly agree at all, 33.00 per cent of normal, 7.00 percent disagreed.

"Caring for cleanliness FO Levi's" The results above show that 27.75 percent agreed, 25.50 percent agreed completely, 6.75 percent strongly agree at all, 33.00 percent of normal, 7.00 percent disagreed.

"Structuring the product pull" The results above show that 28.75 percent agreed, 19.00 percent agreed completely, 11.25 percent strongly agree at all, 33.25 percent of normal, 6.75 percent disagreed.

"Caring for cleanliness FO Levi's" The results above show that 27.75 percent agreed, 24.25 percent agreed completely, 23.00 percent strongly agree at all, 35.25 percent of normal, 7.25 percent disagreed.

"Setting music to make you comfortable" The results above show that 21.00 percent agreed, 17.00 percent agreed completely, 11.50 percent strongly agree at all, 37.50 percent of normal, 9.00 percent disagreed.

"Parking lot is available to make you comfortable" The results above show that 23.75 percent agreed, 23.75 percent agreed completely, 8.75 percent strongly agree at all, 38.75 percent of normal, 5.75 percent disagreed.

"Air conditioning makes you comfortable in the" The results above show that 25.50 percent agreed, 16.00 percent agreed completely, 5.00 percent strongly agree at all, 43.75 percent of normal, 5.50 percent disagreed.

"Welcoming makes you comfortable" The results above show that 30.25 percent agreed, 15.50 percent agreed completely, 5.75 percent strongly agree at all, 37.25 percent of normal, 8.50 percent and 0.25 percent disagree strongly disagree completely.

"In choosing a product easy and convenient" The results above show that 29.75 percent agreed, 12.00 percent agreed completely, 6.25 percent strongly agree at all, 42.00 percent of normal, 8.00 percent and 2.00 percent disagreed completely.

"how payment allows you" The results above show that 21.75 percent agreed, 13.75 percent agreed completely, 8.50 percent strongly agree at all, 44.75 percent of normal, 8.25 percent disagreed.

"Your security is assured as long as there is at FO Levi's" The results above show that 30.50 percent agreed, 12.00 percent agreed completely, 11.00 percent strongly agree at all, 34.75 percent of normal, 9.25 percent disagreed.

"The entire process of incoming transaction until the payment is not confusing" The results above show that 32.25 percent agreed, 16.50 percent agreed completely, 6.25 percent strongly agree at all, 37.25 percent of normal, 5.75 percent disagreed.

"Do you want to come back another time"

The results above show that 35.50 percent agreed, 17.50 percent agreed completely, 3.50 percent strongly agree at all, 38.50 percent of normal, 4.25 percent disagreed.

"You will take your family or friends to come to the FO Levi's" The results above show that 31.75 percent agreed, 14.25 percent agreed completely, 3.25 percent strongly agree at all, 39.00 percent of normal, 10.50 percent disagreed.

"service currently meets expectations" The results above show that 28.75 percent agreed, 11.50 percent agreed completely, 2.50 percent strongly agree at all, 43.75 percent of normal, 8.25 percent disagreed, 5.00 percent strongly disagreed.

"Do you have a desire to buy in FO Levi's" The results above shows that 31.00 percent agreed, 11.50 percent agreed completely, 5.25 percent strongly agree at all, 40.00 percent of normal, 8.25 percent disagreed, 4.00 percent strongly disagreed.

Conclusion

Based on data collection using the 400 respondents questioner Levi's Factory Outlet in LOS Bekasi (Bekasi Square), LOS Pejaten Village, Plaza Cibubur LOS and LOS Bogor each 100 respondents and results discussion, it can pull the following conclusions:

1. The existence of Levi's Factory Outlet in Indonesia is one of the many who grew up in Indonesia FO and accepted by most of society and make a factory outlet phenomenon in Indonesia.
2. Levi's products into a lifestyle (trend) most of the people of Indonesia.
3. Location, layout, price, and promotion services are very influential in achieving the desired targets that will make the FO Levi's will survive and be a phenomenon.
4. Service Factory Outlet Levi's has met expectations, so it makes visitors want and invite others to visit relatives back to the FO Levi's.
5. Employees FO Levi's polite in serving, employees quickly in serving customers, employees are neat in appearance, provide a rapid response in dealing with complaints, employees care about the cleanliness of the FO Levi's
6. Location FO Levi's easy to reach, location FO Levi's easily visible, location FO Levi's make respondents comfortable, Levi's location is very strategic FO.
7. The results of the respondents' answers about the dimensions or promotional variables indicate that respondents agreed to the statement:
 - a. Discounts up to 70% are offered attractive
 - b. Signage FO Levi's easily recognizable
 - c. Signage FO Levi's easy to see
8. The results of the above analysis it can be concluded that for a dimension or variable price enough there is a tendency of respondents to agree to the statement:
 - a. Factory price given Levi's affordable
 - b. Price according to quality
 - c. Prices according to what you pay
 - d. The price is not too expensive
 - e. Overall price in accordance with the product.
 - f.

Recommendation

Based on the data analysis and conclusion, 7P is needed to increase the target sales. More of recommendations from author are:

- Levi's FO should maintain the SOP (Standard Operating Procedures) so the customers remain their loyalty.
- Levi's FO should use a new kind of advertising like, "Levi's Goes To Scholl, or Levi's Goes to Office" so people more aware that's Levi's FO is selling same Product with Original Levi's Store with Cheaper Price.
- Levi's FO should maintain their store layout because some store need renovation.

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